

Message Text

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ACTION NEA-10

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C O N F I D E N T I A L MUSCAT 1260

E.O. 11652: GDS
TAGS: EAID, EFIN, PGOV, MU, SA, YS
SUBJECT: SAUDI FINANCIAL SUPPORT OF OMAN; OMANI RELATIONS WITH PDRY

REF: MUSCAT 1120

1. FOREIGN MINISTER ZAWAWI THIS WEEK EXPRESSED TO ME RELIEF THAT EFFORTS TO OBTAIN SAUDI ARABIAN MONEY FOR ECONOMIC PROJECTS IN DHOFAR MOUNTAINS HAD FINALLY CULMINATED IN SIGNATURE OF AGREEMENTS FOR OVER \$95 MILLION FROM SAUDI DEVELOPMENT FUND (MUSCAT 1149). ANOTHER \$100 MILLION WAS RECEIVED FROM SAUDI GOVERNMENT IN EARLY SUMMER, HE SAID, FOR BUDGET SUPPORT AND IN REALITY WOULD GO TOWARD PAYING AIR DEFENSE CONTRACTS WITH BRITISH AIRCRAFT CORP. FOR JAGUAR/RAPIER PACKAGE. DEALING WITH SAUDIS ON MONEY MATTERS CAN BE FRUSTRATING, HOWEVER, AFFIRMED ZAWAWI WHO GAVE FOL EXAMPLE AS ILLUSTRATION.

2. SEVERAL WEEKS AGO SAUDI MINISTER OF INDUSTRY AL-QUSAYBI VISITED OMAN, ASSESSED OMAN'S COPPER PROSPECTS AND SIGNED AGREEMENT TO GIVE \$100 MILLION TO GET THIS PROJECT OFF THE GROUND (MUSCAT 1036). BUT NOW HAS COME TELEGRAM FROM RIYADH WHICH ASKS FOR ALL STUDIES PERTINENT TO THE PROJECT AND STRANGELY ENOUGH SEEMS TO BE SAYING THAT SAUDI DEVELOPMENT FUND WILL NOT LOOK AT
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THE PROJECT ANEW TO DETERMINE WHETHER HELP CAN BE PROVIDED. ZAWAWI ADMITTED PERHAPS HE IS MISREADING LATEST MESSAGE, YET CANNOT HELP FEELING THAT RIYADH IS SUDDENLY PROCEEDING AS THOUGH MINISTER AL-QUSAYBI HAD NEVER BEEN HERE AND NEVER SIGNED ON DOTTED LINE.

3. LEST I GET IMPRESSION OMANGOV IS UNGRATEFUL, ZAWAWI EXPOUNDED

WITH ENTHUSIASM ON SULTAN'S SATISFACTION WITH HIS MAY MEETINGS IN RIYADH, ESPECIALLY WITH ATTITUDES OF PRINCE FAHD AND PRINCE SAUD. FOR HIS OWN PART, ZAWAWI SAID HE HAS PERSONALLY FOUND PRINCE SAUD CONSISTENTLY SYMPATHETIC, HELPFUL AND WELL INFORMED ON ALL MATTERS OF INTEREST TO OMAN AND THAT WORKING WITH HIM HAS BEEN A JOY. SO, CONCLUDED ZAWAWI, OMAN MUST SIMPLY RECOGNIZE THAT SAUDIS ARE EXTREMELY BUSY WITH OTHER MANIFOLD INTERESTS AND THAT AN EXTRA AMOUNT OF PATIENCE WILL BE REQUIRED OF ITSELF.

4. ZAWAWI, INCIDENTALLY, AVOIDED CONFIRMING OR DENYING THE WIDE-SPREAD BELIEF HERE THAT SULTAN QABOOS IN MAY RECEIVED SAUDI PROMISE TO SUPPORT OMAN'S BUDGET AND DEVELOPMENT PLAN TO TUNE OF ONE BILLION DOLLARS OVER NEXT 4/5 YEARS. HE LIMITED HIMSELF TO SAYING THAT RESPECTIVE FINANCE OFFICIALS WOULD BE FOLLOWING UP THE DISCUSSIONS OF RULERS OF THE TWO COUNTRIES ON FINANCIAL AND OTHER MATTERS.

5. TURNING TO RELATIONS WITH NEIGHBORING SOUTH YEMEN, ZAWAWI SAID THAT IN ASSESSING HIS SECRET JUNE MEETINGS IN SAUDI ARABI WITH PDRY FOREIGN MINISTER, HE FELT IT WOULD BE A YEAR BEFORE OMAN AND PDRY HAD MUCH PROSPECT OF ESTABLISHING ANY SORT OF BILATERAL RELATIONS. MAIN PROBLEM WAS PDRY'S INTERNAL PROBLEM OF WHAT TO DO ABOUT PFLO ACTIVISTS WHO ARE SOMETHING OF A MILLSTONE AROUND GROVERNMENT'S NECK. THESE PERSONS, DEFEATED IN DHOFAR, WERE NAGGING AT PDRY TO GET OMAN TO TAKE THEM ALL IN, PROMISE THEM PLUSH JOBS AND SPECIAL RIGHTS WITHIN OMANGOV, AND EVEN TO HAVE CONFIDENTIAL

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THEIR MILITARY LEADERS INSTALLED IN TOP SLOTS IN OMANI ARMED FORCES. FOR OMAN'S PART, ZAWAWI SAID SUCH INDIVIDUALS WOULD BE ALLOWED ENTRY AND NORMAL CIVIL LIBERTIES BUT NOT PROMISED ANYTHING ELSE. AT ANY RATE, OMAN IS PLEASED THAT BORDER AREA IS ABSOLUTELY QUIET. ZAWAWI SAID HE HAD STRESSED TO MUTI' HE SHOULD KEEP IN MIND THAT HISTORICALLY OMAN AND SOUTH YEMEN HAD FEW IF ANY BI-LATERAL DIFFERENCES AND THAT THEY SHOULD HAVE SUFFICIENT COMMON INTERESTS TO FIND A WAY TO DEAL CONSTRUCTIVELY WITH EACH OTHER. HE SAID NOTHING TO ME OF ANY PLANS FOR FOLLOW-UP MEETING WITH MUTI'. (COMMENT: OPPORTUNITY FOR THIS COULD COME AT NEW YORK NEXT MONTH, ALTHOUGH ZAWAWI SAID HIS OWN TENTATIVE PLANS EXCLUDE ATTENDANCE AT UNGA THIS FALL, WITH UNDER SECRETARY AL-ALAWI READING OMAN'S OCTOBER 10 ADDRESS TO THE ASSEMBLY. HE ADMITTED, HOWEVER, HE MIGHT MAKE PERSONAL APPEARANCE IF GULF STATES DECIDE TO HOLD ANOTHER INFORMAL GROUP SESSION THERE ON GULF SECURITY. END COMMENT)

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